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RUEHUJA/AMEMBASSY ABUJA 1781
RUEHAR/AMEMBASSY ACCRA 1669
RUEHDS/AMEMBASSY ADDIS ABABA 1800
RUEHRL/AMEMBASSY BERLIN 0413
RUEHBY/AMEMBASSY CANBERRA 1077
RUEHDK/AMEMBASSY DAKAR 1425
RUEHKM/AMEMBASSY KAMPALA 1856
RUEHNR/AMEMBASSY NAIROBI 4284
RHEHAAA/NSC WASHDC
RHMFISS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 0927
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 04 HARARE 001073

SIPDIS

AF/S FOR S.HILL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR J.RALYEA AND T.RAND
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)

SUBJECT: Zim Notes November 30, 2007

¶1. The Embassy Harare Political/Economic Section began producing Zim Notes in July, 2007 to present a perspective on current events in Zimbabwe. Suggestions are always welcome. If you would like to receive Zim Notes by email, as well, please contact Frances Chisholm at chisholmf@state.gov. Distribution is restricted to U.S. government employees.

¶2. Parallel exchange rate: ZW\$2,000,000:US\$1
Official exchange rate: ZW\$30,000:US\$1

Sugar on the parallel market jumped to Z\$1.2 million/2kg vs. controlled price of Z\$247,000/2kg
Cooking oil on the parallel market Z\$5 million/750 ml vs. new controlled price of Z\$440,000/750 ml
Fuel - Z\$2.4 million/liter vs. Z\$60,000/liter at controlled price (and scarcer than ever)

On the Political/Social Front

Proposed Changes to Electoral Laws Positive, But - The Electoral Laws Amendment Bill published on Nov. 16 and pending debate in Parliament proposes to amend the Zimbabwe Electoral Commission Act and the Electoral Act to provide an improved electoral framework. Major changes to the electoral law would include: continual registration of voters (up until the day before candidates are formally nominated), less restrictive procedural requirements for voter registration, electronic copies of voter rolls to political parties, exclusion of security forces from running polling stations, equal access to state media for editorial time and advertising, and foreign election observers (although the justice minister may ban some groups). It is important to note that an improved electoral law will be significant only if the political atmosphere, which continues to feature violence and intimidation, is improved; and if there is time for the opposition to take advantage of the electoral law and other changes before elections take place.

Police Bash 22 Activists During Mbeki Visit - Some 400 National Constitutional Assembly (NCA) activists turned out in Harare on Nov. 22 to protest against continuing state-sanctioned political violence against opposition and civil society activists. The group intended to intercept the motorcade of South African President Mbeki who was in town to press for a quick conclusion to the drawn-out mediation talks between the ruling party and the opposition. Ironically, one of the key issues still under discussion is the cessation of the political violence. Maddock Chivasa, NCA spokesperson, told us that police dispersed the crowd using batons and injuring nine activists just before Mbeki was to pass by the demonstration. Soon after, suspected state agents in plain clothes forced 22 NCA members into minibuses and took them to ZANU-PF provincial offices in Harare where they were beaten. The activists were turned over to police later that evening and then eventually released some hours later after paying a fine. Chivasa reported that all 22 required medical attention for their injuries; 10 required hospitalization.

Zimbabwe Low On U.N. Human Development Index - The 2007 U.N. Human Development Index, released this week, put Zimbabwe, DRC and Zambia at a lower level of development than they enjoyed in 1975. Most countries have seen their human development index rise over the last 30 years, but in 16 countries it was lower than in 1990. The index ranks 175 U.N. member countries plus two territories by life expectancy, education levels and real per capita income.

Senegal's Wade Visits Harare - Senegalese President Abdoulaye Wade visited Harare on Wednesday and proposed a committee of at least five heads of state, including South Africa's Thabo Mbeki, to mediate an improvement of relations between Zimbabwe and the United Kingdom. Wade was reported as stating that while he did not condone

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President Robert Mugabe's policies, they should be understood in their historical context. While praising SADC's mediation efforts under Mbeki, Wade said they were inadequate and that Africa should do more to help Zimbabwe. For his part, Mbeki said he was unaware of the visit.

Prelude to the EU-AU Summit - Tomaz Salomao, SADC executive secretary, said SADC would pull its 14 members out of the EU-AU

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summit, scheduled for December 8-9 in Lisbon, unless European leaders agreed not to single out Zimbabwe for criticism. Zimbabwe will most likely be discussed not as a separate agenda item but as part of a discussion on governance and human rights. Mugabe intends to attend; UK Prime Minister Gordon Brown has stated he will not.

Zanu PF All Set For Million Men And Women March - Zanu PF has launched a major media campaign, using radio and TV adverts, to encourage people to join the million men and women march set for Friday November 30, 2007, and show support for President Robert Mugabe's candidacy for 2008. Additional train and bus service is being provided for marchers coming from out of town, with over 150 buses having reportedly been pledged by private transport owners. The march is expected to start at 11 am in the center of Harare and end in Highfield, a low density suburb located approx 12 km out of town. Although the war veteran's association under the leadership of Jabulani Sibanda was initially at the forefront of campaign marches in support of Mugabe, ZANU-PF has appropriated the organization after various party bigwigs expressed dissatisfaction with the leadership of Sibanda, who had been expelled from the party.

WOZA Marks "16 Days Of Activism Against Gender Violence" With Peaceful Demonstration - On Tuesday 27 November, approximately 1000 members of WOZA marched through central Bulawayo to support the global campaign 16 Days of Activism Against Violence Against Women." The group walked for four blocks singing and chanting slogans before it was stopped by police who told the group the official government campaign did not begin until the following day. The marchers dispersed without incident. WOZA leader Jenni Williams

told us that the march was the fourth demonstration in a row WOZA had managed to stage without arrest. She also said high ranking police officers were becoming increasingly conciliatory toward WOZA demonstrators.

UK Lifts Ban on Deportation of Zimbabweans, Appeal Expected - The UK Embassy confirmed media reports that the UK Asylum and Immigration Tribunal (AIT) upheld the Court of Appeal's 2006 ruling that Zimbabweans face no automatic risk of persecution following deportation. Since 2002, UK Immigration has fought a legal bar on deporting Zimbabweans who are denied asylum, allowing thousands to remain indefinitely in the UK without legal basis. The AIT's Nov. 23 decision to lift that ban, however, is unlikely to result in the immediate resumption of deportations, according to the UK Embassy Head of Visas David Ashford; UK Immigration officials expect the decision to be appealed again, almost certainly requiring another moratorium on deportations. The UK officials don't wish to repeat the embarrassing scenario of August 2006 when a similar ruling resulted in only one successful deportation before the moratorium was imposed. Canada has a similar moratorium on Zimbabwean deportations resulting from a court case also under appeal; the USG deports Zimbabweans for all manner of reasons, including failed asylum applications.

Bulawayo's Water Crisis Deepens - Bulawayo City Council is decommissioning the Invankuni Dam today, leaving Zimbabwe's second city with only one supply dam, according to the Chronicle. The state-owned newspaper reported that water rationing in the city would spread to the central business district; residential areas

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would receive supplies once a week, and industrial areas twice a week. See Harare 1051 for details of Bulawayo's water woes.

Zimbabwe's Deteriorating Public Health System - Harare 1047 describes how Zimbabwe's public health care system, once among the best in Sub-Saharan Africa, is being eroded by mismanagement and under funding which have led to deteriorating infrastructure, low public expenditure, and high attrition of human resources. As a result, the system today is characterized by inadequate staffing, reduced accessibility by the general population, shortages of essential drugs and medical supplies, and outdated and poorly functioning equipment. Many health indicators have worsened, and while the HIV prevalence rate has declined, Zimbabwe is still home to one of the worst HIV/AIDS epidemics in the world. The GOZ is able, but unwilling, to address the current economic and health crises. While current donor support in the health sector is primarily focused on HIV and reproductive health, many programs are designed with intentional spill-over effects to strengthen systems within the public health sector. Such programs are enabling the continuation of some basic health care services for an increasingly impoverished population.

USAID Celebrates World AIDS Day With Award Ceremony - USAID hosted the 7th Annual Auxillia Chimusora Awards on November 29. The award celebrates the bravery and leadership of the first woman to publicly announce her HIV status in Zimbabwe (in 1987), at a time when stigma was extremely high. The awards, prestigious in the HIV community, are given to individuals and organizations in the fields of media, arts, corporate responsibility, orphans and vulnerable children, and advocacy to recognize leadership in the field of HIV and AIDS and impact achieved on reducing stigma. While Auxillia Chimusora is deceased, she was represented at the event by her daughter and other family members. Ambassador McGee presided over the event, attended by approximately 400 guests, and was joined in formal remarks by Minister of Health David Parirenyatwa and USAID Director Karen Freeman.

Economic and Business News

Independent Press Reports New Currency Launch on December 1.- The Independent reported on November 29 that the RBZ would rollout "Sunrise II" - introduction of a new currency - on December 1 and

that the changeover would require a minimum of three days instead of the 48 hours initially suggested. Gono announced last weekend cash deposit limits of Z\$50 million for individuals, Z\$200 million for businesses, and Z\$1 billion for wholesalers and other large cash handlers, effective December 1, unless one can account for the source of the cash. In spite of the pressure to bank one's cash, its availability at banks did not improve this week. However, more cash began to circulate in the informal market, wiping out the premium at which it had been trading and sharply driving down its value vis a vis hard currencies.

Z\$58 Trillion Cash In Circulation; Is There Hoarding? - Reserve Bank officials said that about Z\$30 trillion of Zimbabwe's total Z\$58 trillion cash in circulation was being held outside the banking system. Using that figure, RBZ Governor Gono lashed out at "cash barons" for hoarding notes and fuelling the parallel market in currency and goods. But commentators were quick to note that Z\$30 trillion divided among a population of roughly 10 million (on the high side) averaged out to only Z\$3 million per person, hardly a hoard when it doesn't even suffice to buy a small bottle of cooking oil on the street in these hyperinflationary times.

Finance Minister Announces Z\$7.8 Quadrillion Budget - With starry-eyed projections of 4 percent growth in 2008 and inflation falling to 1,978% by December 2008, Finance Minister Samuel Mumbengegwi announced a Z\$7.8 quadrillion "People's Budget" (that's

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Z\$7,800,000,000,000,000, or US\$3.9 billion at the parallel exchange rate and about US\$260 billion at the official rate) on November 29. Details and analysis to follow septel.

More Staples Appear In Supermarkets, But At Exorbitant Prices - Supermarkets appear to be getting more frequent deliveries of bread, soft drinks, local beer, some chicken and sausages, but the goods disappear quickly amid consumer uncertainty about supplies. In addition, the lid appears to be off prices in apparent reaction to Industry Minister Mpofu's announcement on November 22 that there would be no repeat of the disastrous price crackdown of the last months.

Air Zambia Suspends Direct Flights To Harare - On the heels of British Airway's withdrawal from Zimbabwe last month, Air Zambia announced suspension of its Lusaka Harare direct flight effective December 1. Contacts in the industry told us the airline was operating at a loss on the route, especially due to the high fuel prices and fluctuations in the Zimbabwe dollar exchange rate.

In the meantime, Air Zimbabwe increased its fares across the board: roundtrip Harare Johannesburg went from Z\$84 million to Z\$195 million, Harare Lusaka shot to Z\$130 million from Z\$54 million, and a return flight to London now sets a traveler back Z\$1.3 billion - up from Z\$600 million a week ago.

Mobile Carriers Raise Tariffs, Too - Econet, Telecel and Net One announced new rates this week for phone calls and text messages. Econet's tariffs went up by about 650%; a local text message now costs Z\$11,000 (less than one US cent on the parallel market). Analysts commented that the tariffs were still very low in real terms, well below regional comparisons, and, for Econet, below its own target of about 15 US cents/message. A text messages from GOZ-owned Net One increased to Z\$8,000.

World Bank Concludes Mission, Not Sanguine About GOZ Economic Stabilization Plan - World Bank Mission Chief Naoko Kojo and the Acting Country Manager Mungai Lenneiye expressed skepticism to the diplomatic community on November 29 about the prospects for the successful implementation of the GOZ's plan, approved by the cabinet, to introduce a one-year Stabilization and Short-Term Recovery Program in January. At the conclusion of the two-week mission, they lamented the lack of cooperation and consensus on the way forward among the GOZ's competing economic policy institutions: the RBZ, the Finance Ministry, and the Ministry of Economic Development. Details to follow septel.

IMF Mission Due in December - IMF staff will visit Zimbabwe December 13-19. The primary purpose of the mission, according to World Bank Mission Chief Kojo, is data compilation. Embassy Harare is coordinating a business briefing for the mission by representatives of the American Business Association of Zimbabwe on day-one of the

visit and Amb will host a debrief for fellow ambassadors on December 18.

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